

Good Morning Chairman Nof and Committee Members
My name is JoAnn Crary and I'm the President of
Saginaw Future. We are a non-profit economic
development organization in Saginaw County.

Formed in 1992, our organization has assisted over 300
businesses, creating and retaining 9000 jobs and
investing over \$2 billion in Saginaw County. We have a
budget of \$1 m per year and I have been involved in
economic development for over 20 years in Michigan.

I decided to testify today because of the important role
that Telecommunications plays in the economic
development of this state. I am pleased with the
direction that House Bill 5237 is headed and as an
economic developer, I recognize that investment and
innovation are the keys to making Michigan successful in
the telecommunications industry.

A few years ago, Saginaw Future lead a study for the
Saginaw/Bay/Midland area called Link Michigan. By the
time we completed the study, it was already out of date.
The technology being studied had already been replaced
by Voice Over Internet Protocol and wireless options.

Companies looking to locate to Saginaw County or grow in
our region are demanding high tech telecom services.
They want VOIP, robust fiber networks and other high-
tech services that we hadn't imagined years ago.

The U.S. Chamber of Commerce calls telecommunications "the central nervous system of the American economy" because it has "revolutionized the way we conduct business, communicate with each other, educate our children and deliver health care."

I, like other economic development professionals, believe that telecommunications regulations must be updated to reflect this new reality where we make calls over cable wire, watch TV on wireless phones and listen to XM radio over the Internet.

Michigan needs to create a regulatory environment that positions consumers and businesses as the decision-makers. State policies should encourage the development of new technologies and allow innovation - not regulation - to determine success in the marketplace. Our regulatory framework should encourage jobs and investment.

LESS REGULATION IS A GOOD THING!

Between March 2000 and July 2004, market capitalization of the telecommunications service industry plummeted by \$760 billion. Telecommunications employment continues to lag and this is particularly disconcerting to note when wireline telephone jobs pay at least 26% more than comparable work in the cable industry, according to the Economic Policy Institute in an issue brief released in February of this year.

Encouraging the regulation of only a single line, which is included in your bill, will allow telecom companies the freedom to invest back into their local communities. At their September 14th meeting, the Michigan Chamber of Commerce board of directors encouraged lawmakers to "Maintain retail price regulation on essential residential telephone service so that customers have a basic option available with MPSC oversight."

Economic Developers in Michigan, as well as the Governor's office recognize the need for diversity. A state that has a broad range of organizations that flourish is the key to success. In fact, in Saginaw County right now, we are very in tune with the success of our high tech medical technologies to coincide with the automobile industry that has existed for decades.

To that point, the telecom industry will provide the necessary infrastructure that will allow these diverse industries to be able to market their products locally, regionally and even globally. A critical factor will also be the movement and manageability of information to suppliers and other affiliates which will be available if the Michigan Telecom industry is allowed to flourish.

As an organization that supports business development, we recognize the benefits of competition and how a market-driven economy benefits consumers.

It is clear that the communications industry has become very competitive in recent years, and given continued technological advances, competition in this industry is here to stay. As such, it is time to update the Michigan Telecommunications Act and reduce regulations that no longer have a place in a competitive market.

As an Economic Developer, I am concerned with the health of the Michigan economy. I recognize the important role that communication technology plays in supporting businesses. All the recent advances in technology and communication services mean that our businesses are able to be more productive and manage their businesses in new ways. And, the ability to efficiently move and manage information is a critical factor in the success of any business in today's increasingly global economy. As such, it is time for Michigan to update the MTA and put Michigan in a leadership position to attract new investment in the emerging communications technologies that will be required to help grow our economy.

I applaud the work that you have done and appreciate the opportunity to appear before you today.

JoAnn Crary, CEcD
President
Saginaw Future Inc.